



LGIP

Local Government Investment Pool

Julie A. Ellsworth
Idaho State Treasurer

LGIP Investment Statement of Understanding

Purpose

The Local Government Investment Pool (LGIP) is a voluntary investment pool for public agencies, referred to herein as "Entities," with the primary purpose of providing a safe, liquid vehicle for investing idle funds and to obtain the best interest rate available at the time of investment.

Investment Authority

The pooled funds of the LGIP will be invested in accordance with Section 67-1210 and Section 67-1210A, Idaho Code. The LGIP purchases securities with the intention of holding them to maturity. It may liquidate early to maximize the total return on assets or to meet unanticipated withdrawals from Entities.

Investment Objectives

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

- **Safety**

Preservation of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure this. The objective is to mitigate credit risk and interest rate risk.

- **Liquidity**

The investment portfolio shall consist largely of securities with active secondary or resale markets and remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.

- **Yield**

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

The objectives listed above in order of importance, will always be taken into account when the State Treasurer's Office (STO) makes the decision to invest in an allowable investment per policy.

Investments in the LGIP are not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC), the State of Idaho, or any other government agency. Although the STO seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the LGIP.

Custodial Authority

Idaho Code Section 67-1301 appoints and authorizes the State Treasurer to act as administrator responsible for managing the joint or cooperate investing of pooled funds.

Organizational Authority

Idaho Code Section 67-2328 authorizes the State Treasurer to combine the power, privilege and monies of local agencies jointly.



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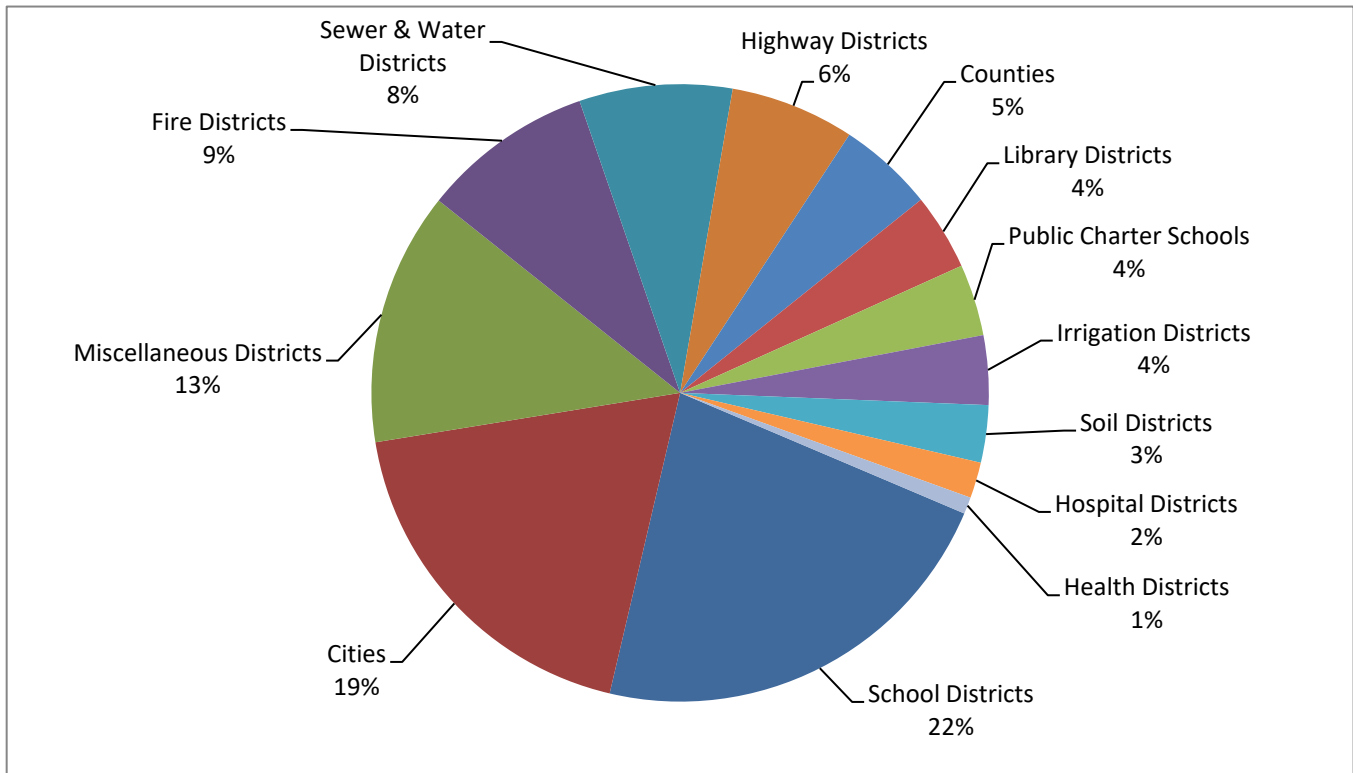
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Custodial Banks

The Custodial Bank (“Custodian”) is responsible for the safekeeping of assets. Northern Trust has been retained as the STO’s Custodian. All investment transactions are executed by Northern Trust per written instructions.

Eligibility

The LGIP is open to all political subdivisions, including (but not limited to): cities, towns, counties, public retirement systems, public agencies (see Idaho Code Section 67-2327), school districts, public charter schools, health districts, irrigation & soil districts, water & sewer districts. The chart below reflects the participation summary as of June 5, 2023:





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Establishing and Maintaining Accounts

Allowable Entities can request to join the LGIP by submitting a completed account application. This form and other required forms can be obtained from the STO website (www.sto.idaho.gov). The application must include a list of the Entity's authorized signatories of the governing body on official letterhead, be approved by the Entity's governing body, and be executed by at least one authorized signatory of that Entity (other than the contact person listed) before submission to the STO.

Applications should also include contact information, authorized user(s), and designated bank account information. In the event of a change in contact information, authorized users and bank information, it is the Entity's responsibility to supply the STO with contact information change or bank information change forms. These forms must be received prior to transaction requests from new authorized users or contributions and withdrawals from newly designated bank accounts.

After opening an initial fund by submitting an account application form, the Entity can open additional funds as needed by submitting additional account applications.

Interest and Yields

Interest shall accrue beginning on the day of investment, but shall not accrue for the day of withdrawal. The LGIP distributes and reinvests all interest accrued during the month effective on the first day of the following month.

The Distribution Yield is calculated using the following formula:

- 365 divided by actual number of days in the month, multiplied by 100 = factor
- Net earnings divided by average daily balance, multiplied by factor = distribution yield

Administrative Fee

As the Administrator of the LGIP, the STO shall charge a monthly service fee to cover the cost of operating the LGIP. Based on the average daily balance over the past year, the monthly fee is approximately 0.0006% of the total pool balance.

Audit Confirmations

All audit confirmations should be directed to:

Idaho State Treasurer, Julie A. Ellsworth
Local Government Investment Pool
P. O. Box 83720
Boise, Idaho 83720-0091

The Entity name, fund number(s), and amounts to be confirmed should be listed on the confirmation. It is the policy of the STO to confirm only the balance of the pool, and the current distribution yield for the final month of the Entity's fiscal year.



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Closing a Fund

The Entity may close a fund at any time by completing the LGIP fund inactivation form, signed by a member of the governing body. The completed form must be submitted to the STO via fax, mail, or email, to affect a closure. The inactivation will be processed when received by the STO. Accrued earnings will be paid out at the time interest distributions are processed for the month the closure was processed.

Statements

A monthly statement for each fund will be available online on e-Bank (<https://ebank.sto.idaho.gov>) on or around the 10th day of each month for the month just ended. An investment portfolio summary will be available quarterly as soon as available on the LGIP homepage on the STO website (www.sto.idaho.gov)

The monthly statement will reflect contributions into and withdrawals out of the fund, any interest reinvested into the fund on the first day of the month, and account summary information. The Entity is responsible for reviewing monthly statements for accuracy, and if there are any questions, the STO should be contacted immediately.

Business Day

The STO's business day, for accounting purposes, is from 10:30 a.m. (MST) to 10:30 a.m. (MST) the following day. To allow time for processing, a cutoff time of 8:00 a.m. (MST) has been set by the STO for same day transactions, such as wire contributions and withdrawals. Same day withdrawals will be processed if funds are available.

The working hours for the STO's LGIP are 5:30 a.m. (MST) to 12:00 p.m. (MST), and 1:00 p.m. (MST) to 5:00 p.m. (MST), Monday through Friday, except holidays.

Voice Messaging

The LGIP has 24-hour voice messaging for the convenience of its members. Upon arrival each business morning, any messages received after 2:00 p.m. (MST) from the prior business day will be retrieved and transactions will be processed on skip business day via Automated Clearing House (ACH) (unless a wire is requested). Voice messages left before 2:00 p.m. (MST) during working hours will be retrieved and transactions will be processed immediately for the next business day via ACH. Voice messages **will not** be confirmed by a call back. For confirmation of transactions, please use the STO e-Bank website or speak directly to the STO.

Requesting Transactions

It is the policy of the STO to accept transaction requests from authorized users only. The STO will not knowingly process any request made by a person not listed as an authorized user for that Entity. It is the Entity's responsibility to safeguard passwords and information required to access e-Bank. The STO will not be responsible for transactions made using that information. Furthermore, the Entity is responsible for confirming all transactions between their LGIP fund and bank account. If a problem occurs, the Entity will notify the STO as soon as possible.



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Access to e-Bank (<https://ebank.sto.idaho.gov>), instructions and sign on information, will be supplied upon opening an LGIP account to authorized users where ACH transactions can be processed. Or, Entities can contact the STO by telephone at (208) 332-2980 or (800) 448-5447 to request transactions by providing the following information:

- Transaction type
- LGIP fund number
- Dollar amount
- Date the transaction is to be made

Withdrawals

All funds withdrawn from the LGIP will be in the form of ACH transaction or bank wire to the current designated bank account. **Withdrawal requests over \$10 million must be requested at least three business days in advance.**

ACH withdrawals are no fee electronic transfers made from your LGIP fund into your designated bank account. Your ACH withdrawal will be received by your designated financial institution the next business day if requested before 2:00 p.m. (MST). ACH withdrawals requested after 2:00 p.m. (MST) will be deposited into your financial institution on skip business day.

Wires requested before 8:00 a.m. (MST) will be wired through the Federal Reserve into your designated bank account the same day and a wire fee of \$20 will be deducted from your LGIP fund. Same day wires will be processed if funds are available. Wire requests received after 8:00 a.m. (MST) will be processed as an ACH withdrawal for the following business day.

Contributions

All funds contributed to the LGIP will be in the form of ACH transaction or bank wire from the designated bank account. Contribution requests over \$25 million may be followed up with a call or e-mail from the STO for cash flow management purposes.

ACH contributions are no fee electronic transfers made from your designated bank account into your LGIP fund. Your ACH contribution will be processed in your LGIP fund the next business day if requested before 2:00 p.m. (MST). ACH contributions requested after 2:00 p.m. (MST) will be processed in your LGIP fund on skip business day.

Wires received before 8:00 a.m. (MST) will be processed in your LGIP fund the same day. Wires received after 8:00 a.m. (MST) will be processed in your LGIP fund the following business day, unless the STO is able to accommodate investment of the funds received. Then the wire will be processed the same day.



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Failed Transaction Fee

The STO reserves the right to recoup any fees associated with a failed transaction, not limited to the following: insufficient funds, incorrect banking information, or anything caused by the Entity and Entity's bank. The fee will be processed from the LGIP fund with the failed transaction.

Revised: 06/15/23